

OTHER ALLOWABLE COSTS

1. **Software development.** This is an allowable cost and may be expensed in the period incurred with no dollar limitation.
2. **Depreciation.** This is an allowable cost and an accelerated method should not be used.
3. **Post-employment benefits.** These are allowable costs if funded in accordance with actuarial requirements. Funds must be paid within six months of recordation.
4. **Technology awards.** These are allowable costs and the drawdown of funds may be prohibited until the State Information Technology Point of Contact person has received written notification of the project and a Grant Adjustment Notice (GAN) has been issued by the awarding agency.
5. **Contingency Fee Contracts for Recovery of Improper Payments.** In accordance with OMB Circular A-87, costs of contingency fee contracts incurred by state and local governments for recovery of erroneous and improper payments charged against Federal programs are allowable costs. State and local governments may use a portion of the recovered erroneous or fraudulent payments from Federal programs to pay for recovery contracts. The portion used to pay for such contingency fees should be claimed as administrative costs.

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